Ohio Rail Development Commission

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March 1, 2011

Dear Commissioners:

Enclosed please find relevant information to the **Thursday, March 10, 2011** Commission Meeting. Minutes of the January 20, 2011 Commission Meeting are enclosed for your review.

This meeting will be held at the **Ohio Department of Transportation's Headquarters, 1980 West Broad Street, Columbus, Ohio, Room GA, Lower Level**. Standing Committees of the Commission will meet before the Commission Meeting. The Long-Term Strategy/Economic Development Committee Meeting will be held in Room 3C, the Human Resources Committee Meeting will be held in Room 3A and the Contract and Property Advisory Committee Meeting will be held in Room 3B at 10:00 a.m. The ORDC Commission meeting will begin promptly at 11:00 a.m.

If you haven't already done so, please contact Suzy Pettet to confirm your attendance. You may reach her at 614/728-9497 (telephone) or by e-mail at suzanne.pettet@dot.state.oh.us

We look forward to seeing you.

Sincerely,

James G. Bradley
Chairman

Enclosures

THE OHIO RAIL DEVELOPMENT COMMISSION

MEETING AGENDA

Thursday, March 10, 2011, 11:00 a.m.

Ohio Department of Transportation Headquarters

1980 West Broad Street, Room GA, Lower Level, Columbus, Ohio

CALL TO ORDER: James G. Bradley, Chairman

- Welcome
- Roll Call
- Approval of Minutes from January Meeting

EXECUTIVE DIRECTOR REPORT: Matt Dietrich

FINANCE REPORT: Megan McClory

ITEMS FOR APPROVAL

- Resolution 11-05: I&ORY Lancaster to Logan Line Track Rehabilitation Phase II

APPROVED PROJECT BRIEFINGS

- Dennison Depot Railroad Museum
- CSX National Gateway – Pawnee Road/River Corners Road Project Assistance
- US Steel Lorain Tubular Operations Yard Improvements

2010 JOBS AND CARLOADS REPORT

- Resolution 11-06: Modification of Coshocton Ethanol Carload Commitment

REPORTS OF COMMITTEES

- Panhandle Long Term Lease
- Contract & Property Advisory
- Human Resources
- Long-Term Strategy/Economic Development

OLD BUSINESS

NEW BUSINESS

PUBLIC COMMENT

EXECUTIVE SESSION

- Sarah E. Hughes v. Ohio Rail Development Commission

ADJOURN

MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BI-MONTHLY MEETING
January 20, 2011

CALL TO ORDER

The meeting of the Ohio Rail Development Commission was called to order by Chairman James Bradley at 11:10 a.m. on Thursday, January 20, 2011. Chairman Bradley announced a few changes to the Commission. The new ODOT Director is Jerry Wray. His appointee is his Chief of Staff, Greg Murphy. The new ODOD Director is Mark Kvamme. His appointee is William Murdock. Ron Rasmus is our new commissioner. He was appointed by former Governor Strickland. He is the President and CEO of The Great Lakes Group in Cleveland, Ohio. Chairman Bradley also said we have appreciated the service to the Commission from our former legislative members Senator Buehrer, Senator Wilson, Representative Boose, and Representative Hagan. We are looking forward to the new appointees from the House and Senate.

MEMBERS PRESENT

Members present included: Chairman James Bradley, Commissioners Rob Greenlese, Bill Lozier, Greg Murphy, Larry Sowers, Barbara Hammontree-Bennett, Solomon Jackson, Ronald Rasmus and William Murdock. Commissioner Wolfe and Commissioner McOwen were unable to attend. There were nine voting members present, therefore a quorum was obtained.

APPROVAL OF THE MINUTES OF THE NOVEMBER MEETING

Chairman Bradley asked for a motion to approve the minutes of the November 2010 meeting. Commissioner Greenlese moved to approve the minutes and Commissioner Bennett seconded the motion. Roll call was taken. The minutes were approved as presented with nine votes in the affirmative.

EXECUTIVE DIRECTOR'S REPORT

Director Dietrich presented the Executive Director's Report, which can be found on page 8 of the commission packet. Director Dietrich reviewed the outstanding activities since the November meeting.

He said that one of the primary activities was the obligation of all $98 million for the National Gateway project which is a major regional freight initiative that creates a hub and spoke system and involves 6 states, the District of Columbia, and 43 projects. It is centered at the North Baltimore facility. The total project amount is $842 million. In the fall of 2009, the ORDC, on behalf of the coalition of states requested a TIGER Grant for $258 million. We were awarded $98 million for Phase 1. The total amount of Phase 1 was $118 million. CSX made up the difference.

Director Dietrich said that all of the necessary agreements are now in place. The agreements include the following: ORDC-US DOT Grant Agreement – ORDC is the grant recipient for the entire four-state project; an MOA between the Federal Highway Administration, Eastern Federal Lands Highway Division and the four states of the Gateway Coalition in Phase 1: Ohio, Pennsylvania, West Virginia and Maryland; an MOA between the Federal Highway Administration, Eastern Federal Lands Division and CSX regarding project management of the construction projects; and the grant agreement between CSX and the ORDC regarding administration and ARRA reporting requirements of the project. Director Dietrich said the next steps will be working with FHWA and CSX to finalize the performance measures of the project. After that, we will be working with the entire 7 member coalition and CSX on how to advance

Phases 2 and 3 of the project.

Director Dietrich said that we have received federal authorization to proceed with the Crossbuck Assembly Program. This program will upgrade all of the passive grade crossing warning devices to meet current MUTCD standards including the most current reflectivity standards and the replacement of the Buckeye Crossbuck. This program has been developed in coordination with the railroads and ODOT Traffic Engineering. Director Dietrich thanked Commissioner Murphy for allowing us to partnership with Dave Holstein who helped us so much.

Director Dietrich said that at the request of the Federal Highway Administration, the safety staff is documenting the project development process for ORDC's grade crossing safety program. Staff is using the ODOT PDP for minor and minimal projects as a guide.

Director Dietrich said the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended the Short Line Tax Credit (Section 45G) through December 31, 2011. This is a $3,500 per mile credit for rail construction costs.

Director Dietrich also welcomed Commissioner Rasmus and Commissioner Murphy and welcomed Commissioner Murdock's continued involvement.

Director Dietrich reminded everyone about the CSX North Baltimore Tour on Friday, January 28th. If anyone is interested in going, please let Suzy know.

FINANCE REPORT

Megan McClory, ORDC's Secretary-Treasurer, presented the Finance Report to the Commissioners, which can be found on page 24 of the commission packet. Ms. McClory said that we received some good news from OBM. They notified us that approximately $151,000 in the ORDC budget that was withheld since the start of the fiscal year in July is now available. She said the vast majority of these funds will be available for the GRF grant program.

Ms. McClory said that through the Attorney General's Office, we had entered into a Settlement Agreement with Art Iron, Inc., that resulted in the recovery of $33,706.23. The Agreement ended action by the ORDC to recover funds due to the company's failure to meet its carload commitment on a $71,945 grant approved in 2004. After fees, $21,392.91 was returned to the General Revenue Fund.

Ms. McClory said that we received $971,443.78 from Van Wert County. The state had helped the Port Authority purchase a line with federal funds in the 1980s. The funding agreement required that should the line be salvaged, ORDC would receive 90% of the proceeds of the salvaging operation. Federal law requires that ORDC's share of the proceeds be placed in an interest-bearing account, and permits the funds to be used to assist other projects that are consistent with the purposes of the original federal program.

Ms. McClory said that ORDC continues to work with ODOT and the Ohio Division of the Federal Highway Administration to administer Ohio's ARRA funds for rail-related projects. All but 2 of them are either under construction or completed. The City of Medina rail line rehabilitation project is expected to go to bid in early 2011. The City of Youngstown/Brier Hill Industrial Park project will be re-bid in March.

Ms. McClory also said that we have finalized the 2011 Meeting Calendar and it is included in the packet on Page 55.

Commissioner Lozier asked what fund the monies from the Van Wert County Port Authority would go to. Director Dietrich said it was a rehabilitation project and we will look at the GRF balance and divide it up with eligible rehabilitation projects. Director Dietrich said we will need appropriation authority from the Controlling Board to expend the funds to assist other projects that are consistent with the original federal program.

Chairman Bradley asked Ms. McClory to give an overview of how the dollars are allocated between loans and grants. Ms. McClory referred to the Appropriation Ledger that is found on page 27 in the commission packet.

RESOLUTION 11-01 – ADMINISTRATION OF FRA GRANT TO THE ZANESVILLE-MUSKINGUM COUNTY PORT AUTHORITY

Megan McClory presented the briefing found on page 29 of the commission packet. The Zanesville-Muskingum County Port Authority is requesting ORDC to serve as project sponsor to access a $475,000 Congressional allocation for rail infrastructure at the EastPointe Business Park. The business park is a 1,200 acre facility and is home to distribution centers for Dollar General and Avon Products and manufacturing facilities for New Bakery Company and Bilco Company. The ORDC previously assisted the Port Authority in developing a rail-truck transload facility to enable shipments to arrive at the business park by rail and be trucked to New Bakery.

The ZMCPA has developed a Job Ready Site. The ZMCPA intends to construct rail service to the Job Ready Site. They have secured a $475,000 Congressional allocation through the Federal Railroad Administration's Rail Line Relocation and Improvement appropriation and an $800,000 grant from the Economic Development Administration. They are considering 3 options: Construct lights and gates at the Innovation Way grade crossing at the entrance to the business park; Construct lights and gates at Innovation Way and build new track from the transload facility approximately 2,800' to serve a 60-acre development site; and Construct lights and gates at Innovation Way and build new track from the transload facility around the western end of the business park to the Job Ready Site.

Mike Jacoby with the Port Authority was available to answer any questions. Chairman Bradley asked what is involved in being the project sponsor. Ms. McClory said that we would submit the application to the FRA to release funds. Once FRA approves the application, we would enter into an agreement with FRA to receive the money. We would then enter into an agreement with the Port Authority in terms of the specific project and would work with them on bidding out the project, reviewing and paying invoices, etc.

Commissioner Greenlese asked if ORDC would be compensated for their time and involvement for being a mutual intermediary. Ms. McClory said there probably would not be any money left over for any kind of compensation. Commissioner Greenlese said we would then just be an uncompensated administrator. Commissioner Bennett asked if the EDA Grant was for rail. Ms. McClory said it was for rail improvements and Mr. Jacoby added that it is only for extending the rail all the way to the Job Ready Site. Chairman Bradley asked if there were any candidates yet. Mr. Jacoby said they have 2 prospects. The facility is designed for a large manufacturing

distribution center. It has 2 million square feet and could potentially house 1,500 jobs. Commissioner Bennett asked what funding they received through ODOD. Mr. Jacoby said they received approximately $4 million on the Job Ready Site Program.

Commissioner Murdock made a motion to approve resolution 11-01. Commissioner Bennett seconded the motion. Roll call was taken with nine votes in the affirmative.

RESOLUTION 11-02– VAN WERT COUNTY PORT AUTHORITY "SPEG" LINE SALVAGE FUNDS FOR BRANCHLINE/JOB READY SITE PROJECT GRANT

Lou Jannazo presented the briefing found on page 34 of the commission packet. The Van Wert County Port Authority is requesting a grant of up to $500,000 to rehabilitate a 4,200' branchline currently leased and operated by the Chicago, Ft. Wayne, & Eastern Railroad (CFER) that currently is used to serve a grain elevator, Scott Equity. The rail track into a Job Ready Site must meet FRA Class II standards and handle 286,000 pound cars. The ORDC funds would come from the proceeds of the salvaging of approximately 10.6 miles of the SPEG line between Elgin and Glenmore in Van Wert County. Mr. Jannazo said that ORDC would be providing the "last dollar in" for a $10.5 million Job Ready Site project. VWPA has exhausted other funding sources.

Chairman Bradley asked Mr. Jannazo to give more of an explanation about the "last dollar in." Mr. Jannazo said the ORDC grant funding would enable the VWPA to complete a $4.7 million rail project to bring rail to a Job Ready Site. Mr. Jannazo said it would make sense for this portion of the rail to be completed first.

Commissioner Jackson asked Mr. Jannazo to explain in more detail about how the salvaging funds were generated. Mr. Jannazo gave a brief overview of the SPEG Line acquisition.

Ms. Nancy Bowen was available to answer any questions. Commissioner Jackson asked why the line was abandoned. Ms. Bowen said there were a number of reasons such as no potential future use and safety issues. Mr. Jannazo said we have encouraged locals to maintain the corridor.

Commissioner Greenlese asked if there are prospects for using the line after this 1,600 acre Job Ready Site is completed. Ms. Bowen said as of right now there aren't any specific prospects, but this Job Ready Site will add inventory to offer an ideal site location. She is very confident that the site will do well.

Commissioner Bennett asked if the utilities were at the site. Ms. Bowen said water and sewer were, but the rail and gas lines weren't yet. Ms. McClory said that Resolution 11-02 was revised and a hard copy was distributed today. Commissioner Lozier asked if there has to be rail service for a Job Ready Site. Ms. Bowen said there is a requirement for rail service at a Job Ready Site as large as this one.

Commissioner Lozier made a motion to approve resolution 11-02. Commissioner Greenlese seconded the motion. Roll call was taken with nine votes in the affirmative.

RESOLUTION 11-03 – CITY OF GREENFIELD, MIDLAND CITY TO GREENFIELD LINE BRIDGE REHABILITATION

Tom Burns presented the briefing. Copies were provided via e-mail and hard copies were

distributed today. The City of Greenfield is requesting a $235,000 grant for the rehabilitation of 4 bridges, 4 miles of track, and 8 bridge approaches on the 29.5 mile long Midland City to Greenfield Line. Johnson Controls in Greenfield mothballed its Greenfield operations in 2008. Recently, Johnson Controls has begun the process of re-opening the Greenfield plant and will begin to employ approximately 130 people while the plant runs at half capacity (one production line) initially, with plans to open the second production line sometime in 2011. The plant had employed 220 people before it was closed, and will return to that approximate level once both lines are restored. Early startup of the plant will use truck service, but rail is required for continued competition in the market. Once the rail service begins, Johnson Controls will require 70-75 carloads yearly, with this demand ramping up to approximately 145 carloads yearly once the second production line is restored.

Betty Bishop and Brian Brown with the City of Greenfield and Ryan Ratledge with I&ORY were available to answer any questions. Chairman Bradley asked if Johnson Controls will be what it used to be before it closed. Mr. Burns said it will be exactly where it was previously.

Commissioner Murdock asked about the Special Contingency decision of whether to take project funding from GRF funds, or from funds from the salvaging of track that had been acquired with federal funds. Mr. Burns said he is not certain which fund it will come from, but we do have the ability to fund the project either way. Commissioner Lozier said in 2009 we funded the City of Greenfield $210,000; in 2010 we funded $130,000; and in 2011 we funded $235,000 for a total of $575,000. The City has contributed $185,000. He said that the long-term lease is between the city and the railroad. Commissioner Lozier was curious if there is anything in the lease about the railroad's responsibility. Mr. Ryan Ratledge with I&ORY said that it is not a lease. It is a short-term agreement. They pay the City of Greenfield for the use of hauling cars. They also offer engineering services to offset some of the expenses. Commissioner Lozier asked if the commission requires anything from the operator contributing. Mr. Jannazo said this is a great project for Commissioner Bennett's committee. The companies on this portion of line employ approximately 1,200 people. They are dependent on rail service. The shippers and railroad both pay $60.00 per car. Mr. Jannazo said we feel the match fits the circumstances.

Chairman Bradley asked the City of Greenfield if they had any comment. Ms. Betty Bishop, City Manager, thanked the commission for our interest in their line. She said they are experiencing 30% unemployment. This grant is very important in helping to create 230 jobs and retain 1,000 jobs. Commissioner Greenlese asked why there is not job stipulation in the agreement. Mr. Burns said that we feel very confident that Johnson Controls will create and retain the jobs. They are putting in pretty substantial monies to get back into business. Director Dietrich said that we also looked at the usage of rail cars versus what happened when there were no rail cars. Director Dietrich said that Johnson Controls was a previous employer on the line and they are re-establishing their company back to the capacity it was previously. Ms. Bishop said Johnson Controls has been a long-term employer since the 1960's, except for briefly in the last couple of years.

Commissioner Sowers made a motion to approve this resolution. Commissioner Jackson seconded the motion. Roll call was taken with nine votes in the affirmative.

RESOLUTION 11-04 – CLEVELAND COMMERCIAL RAILROAD STEEL COIL TRANSLOAD ON RANDALL SECONDARY

Commission Jackson recused himself. Lou Jannazo presented the briefing. Copies were provided via e-mail and hard copies were distributed today. Cleveland Commercial Railroad, LLC is requesting a grant of up to $85,000 and a loan of up to $85,000 to help develop a new steel coil transloading facility in Cleveland on the Randall Secondary Line to serve four steel processers. The funds would pay for a new turnout, the rebuilding of a 2,300 ft. spur, a stone driveway and stone loading pad. For loan repayment, Staff is considering a per car payment in the $50 per car range to ORDC with a balloon payment due after 5 years no matter what the carloadings are.

In 2009, CCRR took over the line from NS. The Randall line has potential for new rail business and rail related economic development. CCRR has identified 34 potential rail users located along the line. CCRR recognized the potential for getting steel coils on the Randall track. In November 2009, ORDC Staff began coordinating with CCRR officials on the possibility of establishing a transload facility to handle steel coils. Three of the companies, Olympic, Monarch, and Phoenix have projected that they will generate about 29-30 cars a month of transload business.

Mr. Bill Brown and Mr. Doug Fink, Principals of CCRR, were available to answer any questions. They said that CCRR does not have the upfront capital to develop the transload.

Commissioner Greenlese made a motion to approve resolution 11-04. Commissioner Murdock seconded the motion. Roll call was taken with eight votes in the affirmative.

Chairman Bradley asked Director Dietrich to explain to the new commissioners what an approved project briefing is. Director Dietrich said that when the commission was formed, a certain dollar value threshold was set in terms of what was under the Executive Director's authority, etc. An approved project briefing has the Chairman's and Executive Director's signature authority. The dollar amount for these projects is under $150,000. For projects larger than $150,000, full resolution would be required. These standards were set in 1997. As a courtesy to the commission, the authorizations for the approved project briefings historically have not been signed until after the commission has heard the briefing and the commission has a chance to ask any questions. No voting is required on approved project briefings.

APPROVED PROJECT BRIEFING: I&ORY LANCASTER TO LOGAN LINE TRACK REHABILITATION PROJECT, PHASE I OF III

Lou Jannazo presented the briefing found on page 44 of the commission packet. The Indiana & Ohio Railway has requested a grant of up to $150,000 to rehabilitate only the north end of the line which is a distance of 5.8 miles. The I&O is matching the $150,000. Mr. Jannazo said this is also a good project for Commissioner Bennett's committee. The I&O owns from South Columbus to Lancaster to Logan. It is a good solid line. Commissioner McOwen purchased the line when he was running I&O without any help from the state. The Columbus and Lancaster line still has good traffic which generates about 2,000 cars a year. The line from Lancaster to Logan is marginal due to loss of business, although there are 259 jobs dependent on rail. The line is Class I right now. The ultimate goal is for the line to be a Class II. This would help increase the level of service to Logan and to Lancaster. Mr. Ryan Ratledge and Mr. David Argenbright with the I&O were available to answer any questions.

APPROVED PROJECT BRIEFING: ASHTABULA, CARSON, JEFFERSON RR

EMERGENCY BRIDGE REPAIRS

Lou Jannazo presented the briefing found on page 48 of the commission packet. The Ashtabula, Carson, Jefferson Railroad has requested a grant of $125,000 to repair two bridges on the 6.3 mile long, State of Ohio owned, Ashtabula to Jefferson line. The ACJ built up other traffic along the line by starting transloading operations for local companies that have no rail spurs. After inspecting the line last year, an FRA inspector noted defects on the bridge over Mill Creek located in the middle of the line. Without repair by this spring, the FRA will likely not allow ACJ to continue operations over the bridge. Another bridge, about 1 mile north of the Mill Creek Bridge over Griggs Run/Creek will also need significant repairs soon. Mr. Bob Callahan and his daughter, Mindy, were available to answer any questions.

REPORTS OF COMMITTEES

Panhandle Long Term Lease and Contract & Property Advisory Committee

Commissioner Greenlese said that they are focusing on two primary items. They consist of the Panhandle Long-Term Lease and the Piney Fork Rail Line.

Commissioner Greenlese said there is no change in status of the Panhandle Long-Term Lease. The staff continues to work with the Ohio Central to develop a draft lease document based on the principals established by the committee previously. Staff did receive the information from the railroad at the end of December, but has not acted on the information yet.

Commissioner Greenlese said that as reported at the November meeting, the long term operator of the Piney Fork Rail Line, Ohi-Rail, has expressed interest in purchasing the northern portion of the line. Ohi-Rail will obtain an appraisal at their expense.

Commissioner Lozier requested that Commissioner Murphy be briefed on the Panhandle Long-Term Lease and suggested that the Commission reconsider the committee appointments. Director Dietrich said that Commissioner Murphy will be briefed on all properties that we own. Commissioner Murphy said he would welcome the briefings of the Panhandle as well as all the properties. Director Dietrich stated that there are no immediate actions/decisions needed.

Human Resources – Commissioner Jackson

Commissioner Jackson said that the committee focused on three issues. The first issue was the Annual Report. There have been changes made over the last several months and the final version is being distributed today. The second issue was making sure we continue to support the efforts of staff. The subject was brought up of the staff effort involved for projects that offer no administrative fees for our work. The third issue was developing a questionnaire to give to employees so the committee can get a general sense of what we can do to improve how work is done at the ORDC. Commissioner Jackson appreciated Chairman Bradley attending their committee meeting and suggesting that the committee consider expanding its scope to look at other areas within ORDC where improvements can be made. Commissioner Jackson said they welcome Chairman Bradley's suggestions and they look forward to meeting those challenges.

Economic Development and Strategic Planning Committee – Commissioner Bennett

Commissioner Bennett said that we now have the formal handout of the Ohio Rail Development Commission Vision, Mission, Goals and Objectives if anyone wants any to distribute.

Commissioner Bennett said the committee met a month ago in an open meeting with railroads,

and staff from ODOT, ODOD and our consultant to discuss our project evaluation system. Our consultant had put together a draft of our project evaluation process and measures in narrative form. A copy of the draft can be found on page 10 in the commission packet. We questioned if we were asking for too much information, if the information was available such as number of carloads, number of trucks taken off of the highway system, environmental issues, etc. We were given a whole menu of different items that our staff can use to evaluate a project. We met this morning with the first draft of a spreadsheet or application process that takes this narrative and puts it into a formula type system that can quantify projects that come before our commission. Commissioner Bennett said our ultimate goal is to have a one page summary of benefits of projects to see how they fit with our mission and goals. Commissioner Bennett said we will be setting up another meeting to look at the formulas and factors in our quantative analysis at more of an administrative level. By our next commission meeting, we hope to have some type of working document to test drive our evaluation analysis for each of our projects.

Note: Commissioner Sowers left the meeting at 12:37 p.m.

OLD BUSINESS
There was no old business to come before the Commission.

NEW BUSINESS
Commissioner Bennett said that we provide quite a few grants and provide quite a bit of money through this commission. A lot of times, the Commission is not compensated for the staff time and administrative efforts. Commissioner Bennett would like the Human Resources Committee to look at if there is a mechanism to be able to get some administrative compensation for these grants. Chairman Bradley said he thinks it is worth looking into. Director Dietrich said that sometimes we come in after the fact and that is why we look at it on a case to case basis. Commissioner Bennett suggests we become more aggressive in trying to pursue administrative costs. Commissioner Lozier strongly agrees. Commission Jackson said the Human Resources Committee will look into this.

Commissioner Murphy said that Governor Kasich directed Director Wray and his executive staff to visit CSX North Baltimore. He said it is quite a facility. Commissioner Murphy said the Governor is all about those types of projects. Commissioner Murphy said this administration will support any kind of freight rail projects, especially those kind of projects.

PUBLIC COMMENT
Gary Landrio said he was appointed by the Pennsylvania Governor to serve on the Pennsylvania Rail Freight Advisory Commission. He is happy to attend another state's efforts in rail freight. He brings us greetings from Pennsylvania.

EXECUTIVE SESSION
At 12:47 p.m. Chairman Bradley made a motion to move to Executive Session to discuss *Sarah E. Hughes vs. Ohio Rail Development Commission* and *Ralph Van Hoose, Jr., Et Al. v. Ohio Rail Development Commission.* Commissioner Murdock seconded the motion. Roll call was taken with eight votes in the affirmative. Commissioner Jackson made note that he would have to recuse himself during the *Ralph Van Hoose, Jr., Et Al. v. Ohio Rail Development Commission* portion of the discussion. Commissioner Lozier made note that he might have to recuse himself from the *Sarah E. Hughes vs. Ohio Rail Development Commission* and would discuss with legal

counsel.

ADJOURNMENT

At the conclusion of the Executive Session, Chairman Bradley called the meeting back to order and immediately adjourned the Ohio Rail Development Commission meeting at 1:48 p.m.

TO: ORDC Commissioners

FROM: Matthew Dietrich

SUBJECT: March 2011 Executive Director's Report

This document reflects the accomplishments and highlights of the Ohio Rail Development Commission since the January Commission Meeting.

1. National Gateway Status:

   - As part of the TIGER grant for the National Gateway Project, ORDC and CSX have submitted performance measures to the US DOT for consideration. These measures will be used by the US DOT to determine the effectiveness of the project. These performance measures, as submitted, are based on the increased container volumes that result from the doublestack project. These increased container volumes will then be used to determine truck diversion and environmental measures.

   - ORDC, ODOT and CSX have been working on the River Corners Road Project. This project is one of the National Gateway projects that was funded by the State Logistics and Distribution program under the Ohio Department of Development. The project will replace a railroad owned bridge in Medina County. Unfortunately, to achieve the necessary vertical clearances, the geometry of a state route in proximity of the bridge needs to be altered which adds to the complexity of the project. After much discussion with CSX and ODOT District 3, it was determined that real estate acquisition by ODOT was the preferable method to progress the project rather than the existing proposal in which CSX would advance the project then donate the highway improvements and right of way to ODOT. As a result, ORDC will enter into an agreement with ODOT and CSX that delineates duties and responsibilities for the project. ORDC will manage the funds required for acquisition and seek reimbursement from CSX.

   - On a related note, I am happy to report that the North Baltimore Intermodal Yard is now in operation and moving containers.

2. 2012-2013 Budget: As Secretary-Treasurer McClory states in her report, the Transportation Budget (HB 114) has been introduced and ORDC has testified before the House Finance Subcommittee for Transportation. The elements of the budget considered are ORDC's safety and freight rail loan funds. The grant funds of the Commission will be considered in the State's main operating budget.

3. Safety Program Project Development Process: As reported at the last meeting, Staff is documenting the project development process for ORDC's grade crossing safety programs. The draft document was submitted to FHWA Ohio Division on February 4 for review and concurrence.

4. Crossbuck Assembly Program: Under this program the non-standard signs will be replaced with the new standard MUTCD crossbucks which includes a yield sign and improved reflectivity. At the current time:

- The railroads are working with ORDC and the PUCO to validate and update the crossing database and are submitting "order forms" for the number of crossbuck signs needed.

- Over half of the agreements have been signed and returned to ORDC and are ready to be executed; the other sixteen railroads continue the work needed to confirm the number of signs needed. The remaining agreements are expected to be signed and returned to ORDC within the next few weeks.

- Staff is in the process of working with the ODOT sign shop to prepare the final order for the signs and to oversee deliveries to the ODOT districts for storage, transfer and pick-up by the railroads.

5. State Rail Plan: Staff has received the draft project evaluation tool from our consultants. Currently, staff is using both approved and proposed projects to evaluate the spreadsheet formulas.

6. Administrative: Currently, there are two activities that staff is performing that we hope will streamline and enhance our abilities to advance projects. First, Alan Klodell will be conducting a review of our agreements to ensure that we are clear and concise regarding the responsibilities of all parties in the agreement. The second activity is training that our safety staff is receiving in regard to project management software ODOT uses. Safety and Fiscal staff are working closely with Planning and Fiscal staff at ODOT to adapt and utilize ODOT's project training system for our rail projects.

MEMORANDUM
March 2, 2011

TO: ORDC Commissioners
FROM: Megan McClory
SUBJECT: Finance Report

Accomplishments and Highlights of the Finance Section from January 4, 2011 to March 2, 2011:

1. **Finance Reports.** Staff is preparing statements to reflect current outstanding loans, revenue collection, and project balances. The reports showing outstanding loans and revenue collection will be distributed at the meeting, and the project balance spreadsheet is attached to this report.

2. **FY 2011 Budget Update.** OBM has notified us that approximately $151,000 from the ORDC budget that was withheld since the start of the fiscal year in July and released in early January is now being withheld again. We will continue to monitor the situation with OBM and if the funds are re-released, we will be able to use the vast majority for project funding.

3. **Controlling Board Actions.** On February 28, the State Controlling Board approved ORDC's request to establish appropriation authority in two funds, the Federal Rail Fund and the Rail Transload Fund. These approvals will allow us to use the recovered Van Wert salvage funds and the unspent transload funds for five projects approved at the January meeting: Van Wert Rehabilitation/Job Ready Site Spur; City of Greenfield Bridge Rehabilitation; Lancaster to Logan Phase I Rehabilitation; Ashtabula-Carson-Jefferson Bridge Repairs; and the Cleveland Commercial Railroad Steel Transload Project. Without these approvals we would not have been able to fund the Van Wert project and our slate of projects for this fiscal year would have needed to be revised to adjust for the funding levels.

4. **FY 2012-2013 Budget Update.** The Transportation Budget Bill (HB 114) has been introduced in the legislature and is being advanced for Governor Kasich's signature by the end of March. Chairman Bradley testified to the Transportation Subcommittee of the House Finance and Appropriations Committee on Monday, February 28. Further hearings are ongoing, and an update will be provided at the meeting. The Governor's budget recommendations for ORDC's grant program and remaining operational funds will be announced on March 15.

5. **ARRA Projects.** ORDC continues to work with ODOT and the Ohio Division of the Federal Highway Administration to administer approximately $70 million of Ohio's ARRA funds for rail-related projects. All projects have been authorized by the Federal Highway Administration for funding and are in various stages of preparation/bidding/construction/completion. *(Updates since the January report are italicized.)*

   Project Updates:
   - Camp Chase Bridge over West Broad Street (Columbus): Construction is complete.
   - Cleveland Commercial Railroad tie replacement: Construction is complete.

- RJ Corman Western Ohio Lines tie replacement and surface reconstruction: Construction is under way.
- City of Jackson rail line rehabilitation: Construction *will restart in the spring.*
- Panhandle Rail Line rehabilitation: Construction *is complete.*
- Heartland Corridor Extension to Cincinnati (NS): Construction is under way.
- Wheeling & Lake Erie Railroad rehabilitation: *Construction is under way.*
- Airline Yard Intermodal Facility (NS): *Construction is under way.*
- West Central Ohio Port Authority (WESTCO) tie replacement, surface reconstruction, and bridge rehabilitation: Tie replacement and surface reconstruction work is complete; bridge work is under construction.
- City of Medina rail line rehabilitation: Project is expected to go to bid in early 2011, with construction beginning in early spring.
- City of Youngstown/Brier Hill Industrial Park: *Project will be re-bid with construction intended to start in the spring. New plans are expected on March 4, 2011.*
- Toledo Shipyard (Toledo/Lucas County Port Authority) Rail Spur: Construction is complete.
- General Cargo Facility 1 (Toledo/Lucas County Port Authority) Rail modernization: Construction is underway *and should be completed in early spring.*
- CSX National Gateway Vertical Clearances: In support of the National Gateway Initiative, there are four roadway bridges being replaced, one roadway bridge being removed, and two railroad interlockings being constructed. Construction contracts are moving forward. The first construction activity is expected to begin in *March at the Park Street bridge removal site in Akron.*

6. **2011 Meeting Calendar.** The Ohio-Kentucky-Indiana Council of Governments has agreed to host the Commission's July meeting during the week of July 11. We are currently working with railroads and other entities in the Cincinnati area to identify project sites that Commissioners and staff could tour after the meeting. Once we confirm locations we will finalize the date, time, and location of the meeting.

   Two Commission retreats have been scheduled for 2011. The first will be Thursday, April 14, at the Battelle-Darby Creek Metropark west of Columbus. The second is scheduled for Thursday, October 6, at the Highbanks Metropark on US 23 north of Columbus.

OHIO RAIL DEVELOPMENT COMMISSION: March 2011 Finance Report (FY 2011)

GRF APPROPRIATION AVAILABLE FOR PROJECTS		
GRF APPROPRIATION FOR PROJECTS		1,390,000
LESS: BUDGET REDUCTION (net)		
LESS: PROJECTS ENCUMBERED or DISBURSED		
Maumee & Western	**227,500**	
Lancaster Port Authority Transload on I&ORY	**125,000**	
City of Greenfield Midland City to Greenfield Line	**130,000**	
I&O Midland Sub Phase III	**200,000**	
Novotec Rail Spur	**50,000**	
RJ Corman Western Ohio Lines Bridge and Track Wk	**200,000**	
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED		
International Technical Coatings (ITC)	**125,000**	
I&O Lancaster to Logan Phase I (portion)	**38,552**	
LESS: PROPOSED GRF COMMITMENTS FOR FY 2011		
Dennison Depot	**18,000**	
I&O Lancaster to Logan Phase II	**175,000**	
TOTAL	*1,289,052*	*-1,289,052*
BALANCE OF GRF APPROPRIATION FOR PROJECTS		***100,948***

VAN WERT SALVAGE FUNDS AVAILABLE FOR PROJECTS		***971,448***
LESS: PROJECTS ENCUMBERED or DISBURSED		
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED		
Van Wert Scott Equity Rehab/Job Ready Site	**500,000**	
City of Greenfield Bridge Repairs	**235,000**	
I&O Lancaster to Logan Phase I (portion)	**111,448**	
ACJ RR Emergency Bridge Repairs	**125,000**	
TOTAL	*971,448*	

RAIL DEVELOPMENT FUND 4N40 - REVOLVING LOAN FUND	Uses of funds	Spending Authority	Cash
Cash Balance as of 3/1/2011			5,987,186
LESS: OPEN ENCUMBRANCES	2,308,000		
LESS: PANHANDLE RESERVE FUND	764,300		
TOTAL	*3,072,300*		*-3,072,300*
FISCAL YEAR 2011 APPROPRIATION		2,111,500	
PLUS: APPROPRIATION INCREASE BY CONTROLLING BOARD		1,125,000	
LESS: PAYROLL FROM LOAN AND LICENSE FEES (Budgetec	205,900		
LESS: PROJECTS ENCUMBERED or DISBURSED			
MPR	**250,000**		
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED			
D&L Energy Rail Spur	**163,000**		
Hardin Rail Logistics Center	**500,000**		
Novotec Rail Spur	**100,000**		
Cleveland Commercial Transload	**85,000**		
National Gateway Admin to Eastern Federal Lands	**1,125,000**		
LESS: PROPOSED COMMITMENTS FOR FY 2011			
TOTAL	*2,428,900*	*-2,428,900*	*-3,236,500*
APPROPRIATION BALANCE OF FUND 4N40 AVAILABLE FOR PROJECTS		***807,600***	
ADDITIONAL CASH BALANCE OF FUND 4N40 AVAILABLE*			***-321,614***

**Funding projects beyond the appropriation balance would require Controlling Board approval.*

FY 2011 Project Balance Summary

Remaining GRF Appropriation for Projects	**100,948**
Remaining 4N40 Appropriation for Projects	**807,600**
Balance of ORDC Appropriations for Projects	**908,548**

Revenue Received FY 2011
February 2011

Name	CT #	Invoice #	Reimbursements		Gas & Oil Leases, Royalties and	ORDC Loan Payment - 4N4			Running
			7002/GRF	4N4(53490)	Other - 4N4 (49995)	Fees (29991)	Princ. (79955)	Inter. (79956)	Total
Deltech Polymers	Electronic Transfer						5,624.28	0.00	445,768.24
Lancaster Port Auth	Electronic Transfer						4,036.31	108.96	449,913.51
MIC	Electronic Transfer						5,190.91	523.21	455,627.63
Maumee & Western (Rehab)	Electronic Transfer						2,409.83	48.64	458,086.10
Maumee & Western (HotStart)	Electronic Transfer						1,500.00	0.00	459,586.10
Village of Leipsic	Electronic Transfer						9,921.19	1,388.26	470,895.55
WESTCO #1 (bridge)	Electronic Transfer						3,406.13	762.70	475,064.38
WESTCO #2 (bridge)	Electronic Transfer						3,113.86	485.23	478,663.47
WESTCO #3 (rehab)	Electronic Transfer						4,761.90	0.00	483,425.37
Genesee & Wyoming Inc.	59	Apex - December			8,130.00				491,555.37
Genesee & Wyoming Inc.	59	RA005611			2,500.00				494,055.37
Columbia Gas of Ohio	60	RA005211			500.00				494,555.37
Mountaineer Products Inc.	61	loan commit fee				2,500.00			497,055.37
Surdyk, Dowd & Turner	62	-			5.80				497,061.17
Resource Energy	62				55.77				497,116.94
Genesee & Wyoming Inc.	63	Apex - January			8,600.00				505,716.94
Genesee & Wyoming Inc.	64	RA006211			2,500.00				508,216.94
		Monthly Total	0.00	0.00	22,291.57	2,500.00	39,964.41	3,317.00	68,072.98
		Grand Total	1,076,995.02	20.15	134,577.22	6,800.00	349,431.88	17,387.69	508,216.94

ORDC - Loan Payback (Active Loans)
March 1, 2011

	Loans	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	App, Loan, Interest & Admin. Fees	Total Payments
FY03 Portage Cty Solid Wst Mgmt. *	$80,000	$9,622							***$3,279***	***$83,279***
FY04 Columbiana County Port Authority *	*$2,098,047*	*$433,408*	*$216,704*						***$110,059***	***$2,208,105***
FY04 Maumee & Western *	$199,088	$29,502	$17,209						***$8,460***	***$207,548***
FY05 Seneca-Sandusky-Tiffin Port Auth**	$290,000	$10,203							***$16,267***	***$306,267***
FY05 Ashland RW (Mansfield Yard Rehab)**	$500,000	$8,911							***$41,285***	***$541,285***
FY05 I&O (Fulton County Processing, Ltd)**	$242,335	$8,780							***$24,266***	***$266,601***
FY07 Marion Industrial Center *	$273,000	$68,569	$68,569	$22,856					***$32,078***	***$305,078***
FY07 WESTCO *	$308,000	$50,026	$50,026	$50,026	$50,026	$25,013			***$35,760***	***$343,760***
FY08 WESTCO (Sugar Creek Bridge) *	$280,417	$41,885	$43,189	$43,189	$43,189	$43,189	$17,995		***$20,147***	***$300,565***
FY07 Village of Leipsic *	$825,000	$131,318	$135,713	$135,713	$135,713	$135,713	$67,857		***$52,702***	***$877,702***
FY09 Lancaster Port Authority *	$145,163	$49,743	$29,017						***$4,911***	***$150,074***
FY09 WESTCO (Springfield/WCH) *	$400,000	$57,143	$60,079	$60,345	$60,345	$60,345	$60,345	$5,029	***$20,513***	***$420,513***
FY09 Maumee & Western (HotStart) *	$90,000	$18,031	$18,397	$18,700	$18,700	$17,142			***$3,871***	***$93,871***
FY10 Deltech Polymer *	$337,457	$56,243	$70,015	$70,519	$70,519	$70,519	$11,753		***$15,986***	***$353,443***
FY06 Harrison Ethanol ***	$500,000									
FY06 Wheeling & Lake Erie ***	$150,000									
FY07 Wheeling & Lake Erie ***	$378,600									
FY08 MGQ, Inc. ***	$300,000									
FY08 City of Jackson ***	$300,000									
FY10 Ashland Railway ***	$280,000									
FY10 New Horizons Baking Company ***	$50,000									
	$8,027,107	**$973,384**	**$708,919**	**$401,350**	**$378,493**	**$351,922**	**$157,951**	**$5,029**	***$389,582***	***$6,458,090***

Loan Amount Received to Date: **$410,101**
Loan Balance Due: **$563,283**

*Loans Active
**Loans Paid Off
***Loans in Process

OHIO RAIL DEVELOPMENT COMMISSION
APPROPRIATION LEDGER
For Month Ending February 28, 2011

FUND	SAC	FEDERAL STATE/OTHER	ORIGINAL APPROPRIATION	TRANSFERS	UNASSIGNED	ADJUSTED APPROPRIATION	OPEN ENCUMBRANCES	TOTAL DISBURSED	UNENCUMBERED BALANCE	PERCENT UNOBLIGATED	SAC DEFINITION
GRF	4FA5	STATE	1,535,897.00	0.00	139,627.00	1,396,270.00	782,964.65	149,535.35	463,770.00	33.21%	GRANT (ALL)
GRF	465M	STATE	46,200.00	2,000.00	4,200.00	44,000.00	5,990.18	37,742.85	266.97	0.61%	PERSONAL SERVICE/OTHER
GRF	4651	STATE	627,203.00	0.00	18,716.08	608,486.92	0.00	413,645.00	194,841.92	32.02%	PAYROLL
GRF	4652	STATE	78,650.00	(2,000.00)	7,150.00	69,500.00	0.00	11,965.53	57,534.47	82.78%	OFFICE EXPENSE
	FUND TOTAL		**2,287,950.00**	**0.00**	**169,693.08**	**2,118,256.92**	**788,954.83**	**612,888.73**	**716,413.36**	**33.82%**	**FUND TOTAL - GRF**
7002	4FN7	FEDERAL	1,282,800.00	4,442,640.61	0.00	5,725,440.61	361,842.26	7,931.42	5,355,666.93	93.54%	GRADE CROSSING PAVEMENT
7002	4FP7	FEDERAL	13,000,000.00	1,933,649.58	234,097.96	14,699,551.62	6,308,155.71	830,461.31	7,560,934.60	51.44%	GRADE CROSSING DEVICES
7002	4SP1	FEDERAL	717,200.00	15,000.00	4,253.04	727,946.96	0.00	471,500.75	256,446.21	35.23%	GRADE CROSSING SAFETY'S PAYROLL
7002	4SP2	FEDERAL		3,500.00		3,500.00	0.00	1,335.09	2,164.91	61.85%	GRADE CROSSING SAFETY'S TRAVEL
	FUND TOTAL		**15,000,000.00**	**6,394,790.19**	**238,351.00**	**21,156,439.19**	**6,669,997.97**	**1,311,228.57**	**13,175,212.65**	**62.28%**	**FUND TOTAL - 7002**
4N40	6FC5	OTHER	0.00	1,125,000.00	0.00	1,125,000.00	0.00	0.00	1,125,000.00	100.00%	RAIL TRAN - GRANTS
4N40	6FC7	OTHER	0.00	4,408.68	0.00	4,408.68	0.00	0.00	4,408.68	100.00%	RAIL TRAN - OTHER ASSISTANCE
4N40	6FC9	OTHER	1,905,600.00	(4,408.68)	0.00	1,901,191.32	250,000.00	0.00	1,651,191.32	86.85%	RAIL TRAN - LOANS
4N40	6FD9	STATE	764,300.00	0.00	0.00	764,300.00	0.00	0.00	764,300.00	100.00%	PANHANDLE LEASE PAYMENT
4N40	6111	STATE	205,900.00	0.00	6,067.44	199,832.56	0.00	135,324.16	64,508.40	32.28%	PAYROLL(PROPERTY MGNT)
	FUND TOTAL		**2,875,800.00**	**1,125,000.00**	**6,067.44**	**3,994,732.56**	**250,000.00**	**135,324.16**	**3,609,408.40**	**90.35%**	**TOTAL - OTHER ASSISTANCE**
	GRAND TOTAL		**20,163,750.00**	**7,519,790.19**	**414,111.52**	**27,269,428.67**	**7,708,952.80**	**2,059,441.46**	**17,501,034.41**	**64.18%**	

PROJECT BRIEFING:
I&ORY LANCASTER TO LOGAN LINE
TRACK REHABILITATION PROJECT, PHASE I AND II OF III

March 10, 2011

Project Costs		Project Benefits
ORDC Grant	up to $325,000	Preserves Effective Service to 3 Rail Dependent Users
I&ORY	up to $325,000	Employing 259 People
		Supports Investment/Expansion with 30 to 50 New Jobs
		Supports Modest Rail Related Development Potential

INTRODUCTION: The Indiana & Ohio Railway (I&ORY) requested a grant of $389,450 to pay 50% of the total costs ($778,900) for the rehabilitation of its 17.3 mile long Lancaster (MP 32.2) to Logan (MP 49.5) rail line. ORDC Staff recommended that I&ORY perform the project over three years because of ORDC budget constraints. The I&ORY then split the project into three phases: Phase I, consisting of $300,000 of work from MP 32.2 to MP 38, and presented in an approved project briefing in January; Phase II, consisting of $350,000 of work from MP 38 to MP 44; and Phase III, which consists of the remaining work from MP 44 to MP 49.5. This Project Briefing consists of information regarding both phases I and II.

BACKGROUND: The I&ORY purchased the 43 mile long Columbus (Groveport) to Logan Line from CSX in the mid-1980's with no government assistance. The map included as Exhibit "A" shows the line. At Logan, the I&ORY line connects to the Hocking Valley Scenic Railroad and provides the scenic railroad its only connection to the mainline rail system. I&ORY's only connection to Class I railroads for the Columbus to Logan Line is at CSX' Parsons Yard in Columbus. I&ORY operates its crews for the line out of Lancaster with Lancaster crews serving Lancaster customers five days a week, serving Logan customers twice weekly, and interchanging in Parsons Yard three times a week with service to Groveport customers on the way into and out of Parsons.

At the time of the I&ORY acquisition, there was robust traffic in Groveport, Lancaster, and Logan. At present the traffic on the line is still robust between Columbus and Lancaster with that 26 mile portion of the line generating about 2,000 carloads a year. However, rail traffic on the Lancaster to Logan portion of the line suffered a major blow when Goodyear shut down its Logan plant in 1999. Rail traffic on the 17.3 mile long Lancaster to Logan portion of the line is currently marginal. Here are recent annual carloadings for the Lancaster to Logan Line:

Lancaster to Logan Carloads/Year

2007 – 224 Cars **2008 – 594 Cars** **2009 – 267 Cars**

The average carloadings per year for the 2007 to 2009 period were 362 cars, or about 21 carloads per mile. Using only 2008 carloadings, the highest in the three years considered, yields only 35 carloads per mile. The very marginal carloadings per mile support I&ORY proforma financial statements that showed the Lancaster to Logan line to be marginally profitable. The I&ORY has invested more per mile the last three years than its profits per mile.

There are three customers on the Lancaster to Logan Line, all of which are in Logan, Smead Manufacturing (paper products), General Electric (glass tubes), and Keynes Brothers (wheat milling). All are dependent on rail to stay competitive in their respective industries. Both Smead and General Electric are making major investments in their respective plants which will not only solidify the existing job base, but increase jobs.

There are modest economic development potentials along the Lancaster to Logan line. Local Logan officials are currently working on landing prospects in the former Goodyear building that require rail service. In addition, Logan officials are promoting a 13 acre site in an established industrial park along the line.

The Lancaster to Logan line is generally in fit, FRA Class I condition with adequate tie condition, good track geometry, and light, 100 lb. rail that is prone to breaking due to its age (85 years old). Much of the line runs next to the Hocking River so washouts can be an issue. A serious derailment in 2008 caused extensive damage to the track and disrupted service to the shippers. The entire Columbus to Logan line cannot handle 286,000 lb. cars at this time. The Lancaster to Logan portion of the line had been at FRA Class II, 25 MPH condition but the track speed dropped with reduced capital allocation due to reduced carloadings.

I&ORY plans on investments in the Lancaster to Logan line to prevent any further decline in traffic and track condition. Line shippers have indicated that more frequent service, i.e. three times a week, could increase carloadings and reduce demurrage in some instances. I&ORY anticipates that getting the Lancaster to Logan line up to FRA Class II, 25 MPH condition (after the three phase project is complete) will enable I&ORY crews to serve Logan three times a week and interchange in Columbus five times a week because of the time savings in getting over the 17 miles of track to reach shippers.

PROJECT DESCRIPTION: I&ORY provided the following current cost estimate for track work needed:

PHASE I
Lancaster (MP 32.2) to South of Lancaster (MP 38) Track Rehabilitation

Work Item	*Unit Cost*	*Total Cost*
Purchase 3,000 Cross Ties	$36 per tie	$108,000
Install 3,000 Cross Ties	$30 per tie	$90,000
Purchase 120 Kegs of Spikes	$75 per keg	$9,000
Surface Track, 1" Raise, 31,680 ft.	$1.25/ft.	$39,600
Purchase 1,800 Tons, Ballast	$10 per ton	$18,000
Unload 1,800 Tons, Ballast	$2 per ton	$3,600
Daily Work Train, 2 Days	$1,500 per day	$3,000
Mobilization		$10,000
TOTAL		$281,200

PHASE II
South of Lancaster (MP 38) to North of Logan (MP 44) Track Rehabilitation

Work Item	*Unit Cost*	*Total Cost*
Purchase 3,000 Cross Ties	$36 per tie	$108,000
Install 3,000 Cross Ties	$30 per tie	$90,000
Purchase 120 Kegs of Spikes	$75 per keg	$9,000
Surface Track, 1" Raise, 31,680 ft.	$1.25/ft.	$39,600
Purchase 1,800 Tons, Ballast	$10 per ton	$18,000
Unload 1,800 Tons, Ballast	$2 per ton	$3,600
Daily Work Train, 2 Days	$1,500 per day	$3,000
Mobilization		$10,000
TOTAL		$281,200

ORDC Staff will develop two grant agreements with I&ORY: Phase I, for up to $150,000 based on a dollar for dollar matching basis; and Phase II, for up to $175,000 based on a dollar for dollar matching basis. Staff will expand the project south of MP 44, or augment work in either of the phases in order to fully utilize the $325,000 total in grant funding to accomplish as much track work as possible and ensure that all ORDC grant funds are

fully expended. The engineer's estimates included in the briefing will be adjusted to do more or less work depending on the competitive bids from contractors bidding on the project. I&ORY will be responsible for maintaining the rehabilitated track to FRA Class II standards.

WHY ORDC FUNDING IS NECESSARY: The marginal economics of the Lancaster to Logan line preclude I&ORY from raising the track to FRA Class II standards in a timely manner with proceeds from the line.

PROJECT BENEFITS

- Helps improve the effectiveness of rail service to three rail dependent shippers that employ 259 people.
- Effective rail service critical to expansion/investments by companies that will add 30 to 50 new jobs.
- Effective rail service helps promote economic development in Logan at former Goodyear plant and at a Logan industrial park.
- I&O saves on operating crew costs as well as track maintenance costs enhancing the viability of the line.

RESOLUTION 11-05

RE: INDIANA & OHIO RAILWAY LANCASTER TO LOGAN LINE TRACK *REHABILITATION PROJECT, PHASE I AND II PROJECT GRANT*

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE INDIANA & OHIO RAILWAY UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission (ORDC) created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the Act) proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the Indiana & Ohio Railway (the Company); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit A attached hereto.

Moved By
Seconded By

Upon roll call, the vote resulted as follows:

James G. Bradley, Chairman	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Thomas McOwen	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Greg Murphy for Jerry Wray	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Barbara Hammontree Bennett	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Robert Greenlese	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Nate Green for Mark Kvamme	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Solomon Jackson	____	yes	_____	no	_____	absent	_____	abstained	____ recused
William Lozier	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Ronald C. Rasmus	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Larry Sowers	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Herk Wolfe	____	yes	_____	no	_____	absent	_____	abstained	____ recused

ORDC ACTION: Motion approved
Motion denied
Other action
Date 3/10/2011

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 3/10/2011
James G. Bradley, Chair Date

EXHIBIT A

A grant in an amount of up to Three Hundred Twenty Five Thousand Dollars ($325,000) (the ORDC Grant) for the purpose of rehabilitating of its 17.3 mile long Lancaster (MP 32.2) to Logan (MP 49.5) rail line (the Rail Service Project) as defined herein pursuant to Section 4981.032 of the Ohio Revised Code at the Company's location in the County of Van Wert, Ohio.

The ORDC Grant is subject to the following conditions:

ORDC Staff shall utilize two grant agreements with I&ORY: **Phase I** (Lancaster (MP 32.2) to South of Lancaster (MP 38) Track Rehabilitation), for up to $150,000 based on a dollar for dollar matching basis; and **Phase II** (South of Lancaster (MP 38) to North of Logan (MP 44) Track Rehabilitation), for up to $175,000 based on a dollar for dollar matching basis from the Company.

ORDC staff may expand the Rail Service Project south of MP 44, or augment work in either Phase I or II in order to fully utilize the total ORDC Grant funding available to accomplish as much track work as ORDC staff determines to be possible.

I&ORY shall maintain the rehabilitated track to FRA Class II standards.

The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.

APPROVED PROJECT BRIEFING:
Dennison Railroad Depot Museum
Accessibility – Platform Improvement Request
March 10, 2011

Project Costs	
ORDC Grant:	**$18,000**
Dennison Depot:	**$ 3,960**

Project Benefits

Dennison Depot Generates $1.2 M. /yr. Tourist Spending directly from Polar Express.
Allows individuals with mobility impairments to participate in the Polar Express
Spends $350,000/yr. on Operations

INTRODUCTION: The Dennison Railroad Depot Museum (DRDM) operates tourist train rides each December in the form of Polar Express Train Rides using the State of Ohio's Panhandle Line currently leased to the Columbus & Ohio River Railroad (CUOH). The Depot requests a grant of $18,000 to match $3,960 in funds contributed from the Depot to complete platform improvements and the purchase of a lift to enable mobility impaired passengers to take part in these tourist train rides. These improvements would be done in partnership with the CUOH to ensure that freight services are in no way interrupted or impeded.

BACKGROUND: The DRDM has worked in partnership with the rail operators on the Panhandle Line over the past twelve years to operate Christmas Train Rides, and has been offering Polar Express Train Rides for the past ten years. During that time, 90,800 passengers from all over Ohio, surrounding states and Canada have come to Dennison in Tuscarawas County to ride the train. Because these particular train trips operate largely in the evening, these trips directly increase lodging income and bed tax to the local economy in addition to meal, gas, shopping and sales tax income.

The DRDM has invested heavily into these trips and created strong partnerships with the CUOH, the community of Newcomerstown (where the trips ends at the North Pole), and with private car owners and Rail Events (who owns the Polar Express copyright) to make these trips work. The DRDM carries a $30 million liability insurance policy as required at a cost this year of $95,000 and has also purchased six of its own cars as an investment for use. Currently, one of the six coaches has been renovated at a cost of $40,000. The coach has been inspected and approved by the FRA and the CUOH inspector, entered into Umler, and therefore cleared for service for the past two Polar seasons. DRDM seeks a combination of grants and low interest loans through USDA to complete the other five coaches.

The Polar Express is not, however, wheelchair accessible. The Polar Express has operated without the benefit of a lift which has resulted in mobility impaired passengers being told at point of purchase that they may not be able to ride the train. This results in railroad personnel and volunteers being required to manually lift these passengers up to the train, or, in the worst case scenario, telling the passengers they cannot ride. This past year, there were approximately 30 wheelchair bound passengers, the majority being adults who were difficult to lift. Lifting passengers manually puts the safety of passengers, volunteers and railroaders in jeopardy. This problem is magnified by the current condition of the platform area by the railroad cars, which consists of very large rock ballast. It is extremely difficult moving wheelchairs or walking with walkers on this foundation.

PROJECT DESCRIPTION: DRDM proposes to install a cement platform (needed to serve as a foundation for the wheelchair lift) and ADA-approved wheelchair lift:

Cement Platform & Wheelchair Lift Scope of Work

Work Item	*Unit Cost*	*Total Cost*
Wheelchair lift and enclosure:		**$11,785.00**
Cement Foundation:		**$7,175.00**
Plans, Permits, Supervision, Misc.:		**$3,000.00**
Total:		**$21,960.00**

A cement platform is required as a foundation for a wheelchair lift and to get passengers to the lift. The pad will also benefit all passengers entering the walkway to the cars. This need will be filled by installing a cement pad 100' long, 17' wide and 6" thick. This will include removing 6" of fill (approximately 64 tons of fill to be removed from site), replacing the road bed with wire, and pouring the 6" thick concrete which will be saw cut into 10'x6' squares. All planning will be first presented to and approved by the CUOH and be installed under their auspices. All work parties will be directly under the railroad's scheduling and control.

A Mobilift TX Portable Wheelchair lift made by Adaptive Engineering to lift mobility impaired passengers into commuter rail, heavy rail and historic and tourist railroads will be purchased. The high-efficiency manual cranking system means lifting a 300 pound passenger requires only 11 pounds of crank force. Typical lifting time is 20 seconds.

The lift will be protected by a purchased enclosure when not in use.

Plan to get Passengers in wheelchairs onto the cars:
Vintage coaches are not accessible, in that their doors and aisles are not capable of handling current wheelchair sizes. A 32" wheelchair cannot get through a 28" door nor often fit down the aisle.

The situation will be handled in the following way:

Long-term Plan:
The DRDM expects that when a long term lease is agreed to between ORDC and the CUOH and when they secure funding to complete the renovation of the remaining five coaches, one of the cars will be renovated into an Accessible Car. When it is being renovated, plans will include adapting the interior with wider aisles and larger entry points, as well as areas to fit and stabilize wheelchairs. In the long run, this Accessible Coach will answer all mobility impairment needs.

Short-term Plan:
It is important to note that not everyone who will use the proposed wheelchair lift may be wheelchair bound. For those that are, a standard wheelchair, with the armrests removed, will be provided. This reduces the chair to the appropriate size. A passenger can be transferred from their chair into this smaller chair before being lifted, then travel through the doors. Their own larger wheelchair will be folded and taken to meet them in the open areas of the cars. Once they reach that area, they can be moved back into their chair for comfort during the ride. This system will be repeated on the way out.

PROJECT BENEFITS: These improvements will result in opening accessibility to a population of travelers that have not been able to enjoy the trips in the past. It will also insure safety of volunteers and railroad crew who will no longer need to load passengers by hand. Better trips and increased ridership means more tourism dollars for the surrounding area. According to the Tuscarawas County Convention & Visitors Bureau, 80% of travelers come for the day and 20% stay over night in normal travel. Because Polar Express Trips are largely at night, they tend to stay overnight at hotels more frequently than the average traveler: 27% stay overnight and 73% come for the day only.

WHY ORDC FUNDING IS NEEDED: The Village of Dennison and the DRDM have invested heavily in improving the Depot, marketing the area and operating excursions over 15 years. The Village and DRDM are committed to investing more dollars into these improvements but would benefit greatly by have the initial seed money put forward by ORDC to use as leverage to create local matching dollars. The DRDM does not generate profits that could be used for these improvements.

SPECIAL CONTINGENCIES: ORDC retains the rights to the sale value of the wheelchair lift equipment in the event that the Depot does not run the Polar Express for two consecutive years.

Ohio Rail Development Commission

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March 10, 2011

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **DENNISON RAILROAD DEPOT MUSEUM HANDICAP ACCESSIBILITY – PLATFORM IMPROVEMENT REQUEST** and dated March 10, 2011 as described in that briefing.

Matthew R. Dietrich
Executive Director

PROJECT BRIEFING:

CSX NATIONAL GATEWAY

RIGHT-OF-WAY ACQUISITION FOR THE RIVER CORNERS ROAD-PAWNEE ROAD BRIDGE REPLACEMENT PROJECT

March 2, 2011

INTRODUCTION: ORDC Staff requests approval by the Chairman and the Executive Director to participate in a three-party agreement with CSX Transportation and the Ohio Department of Transportation to support right-of-way acquisition for the River Corners Road-Pawnee Road Bridge Replacement Project on the CSX National Gateway Corridor.

NATIONAL GATEWAY BACKGROUND: ORDC Staff has been actively involved in the assembly of funding to attain vertical clearance improvements along the CSX National Gateway corridor. Phase I of the project, from the new CSX Intermodal terminal at North Baltimore to the terminal at Chambersburg, Pennsylvania, is now fully funded. In Ohio, the clearance projects are funded from three sources:

Source	Administering Agency
US Department of Transportation TIGER Award (Transportation Investment Generating Economic Recovery)	Eastern Federal Lands Division of the Federal Highway Administration
American Recovery and Reinvestment Act – federal-aid highway funds through ODOT	ORDC
State Logistics and Distribution Program	Ohio Department of Development

RIVER CORNERS ROAD/PAWNEE ROAD PROJECT: ORDC, ODOT and CSX have been working together on the River Corners Road-Pawnee Road Project which is funded by the State Logistics and Distribution Program at the Ohio Department of Development. The project will consolidate two railroad-owned bridges in Medina County into one new bridge at River Corners Road. While ORDC and ODOT would not otherwise be involved in this project, because of the necessary design of the new bridge, the geometry of a state route (US 224) in proximity of the bridge needs to be altered. CSX's original plan for this location involved CSX acquiring all necessary highway rights-of-way for the project and then donating the improvements and right-of-way to ODOT upon completion of the modifications to US 224.

After much discussion with CSX and ODOT District 3, it was determined that acquisition of the highway rights-of-way by ODOT was the preferable method to progress the project in order to ensure that all federal real estate requirements are met and to not impede the project or the conveyance of the improvements to ODOT. As a result, ORDC will enter into an agreement with ODOT and CSX that delineates duties and responsibilities for the project.

Those duties are as follows:

CSX:

1. Reimburse ORDC for all real estate transactions performed by ODOT.
2. Hire consultants and contractors required to manage the project.
3. Comply with all state and federal reporting requirements.
4. To hire ODOT prequalified acquisition consultants.
5. To comply with all procedural requirements.
6. To coordinate required permits and environmental clearances.
7. To design and construct the project using design-build processes agreeable to ODOT.

ODOT:

1. To function as the review agency and oversee the project property acquisition process.
2. To process payments for property owners based on CSX's acquisition consultant's documentation.
3. To notify ORDC of property acquisition costs incurred.
4. To review all plan submittals in a timeframe to be established in the design-build documents.

ORDC:

1. To encumber funds based on estimates provided by ODOT for the property acquisition transactions and related costs.
2. To invoice CSX for expenditures made for property acquisition transactions and related costs.
3. To seek any necessary approvals, including spending authority.

NEED FOR ORDC INVOLVEMENT:

ORDC's contracting authority and flexibility give us the ability to facilitate the property acquisition for this project by ODOT so that ODOT can be certain that all real estate acquisition requirements are fulfilled. It also facilitates the use of design-build contracting, which will expedite the project. ORDC's involvement streamlines the acquisition at a low 'cost' to ORDC – minimal staff time is expected to be needed and ORDC will be fully reimbursed by CSX for all costs that are incurred. Based on preliminary estimates, ORDC Staff expects the financial transactions to total less than $50,000.

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March 10, 2011

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **CSX NATIONAL GATEWAY – RIGHT-OF-WAY ACQUISITION FOR THE RIVER CORNERS ROAD-PAWNEE ROAD BRIDGE REPLACEMENT PROJECT** and dated March 2, 2011 as described in that briefing.

Matthew R. Dietrich
Executive Director

James G. Bradley
Chairman

APPROVED PROJECT BRIEFING:
U.S. STEEL LORAIN TUBULAR OPERATIONS YARD IMPROVEMENTS

March 8, 2011

Project Costs		Project Benefits
ORDC Grant	**up to $100,000**	**Supports $93+ Million Expansion**
U.S. Steel Investment	**up to $104,820**	**Helps Create 90 New Jobs**
		Helps Retain 523 Existing Jobs
		Improves Efficiency for Increased Rail Use

INTRODUCTION: The United States Steel Corporation (U.S. Steel) requested a grant of up to $100,000 for its Lorain Tubular Operations (LTO) to improve two yard tracks (#6702 A and B), to build a new connection between yard tracks #801 and #784, and other related work that augments $400,000 in recent U.S. Steel railroad investments in the LTO to facilitate an approximately $93 million expansion at its seamless tube plant. ORDC's Chair and Executive Director have approved a grant of up to $100,000 or 50% of project costs, whichever is less.

BACKGROUND:

US Steel Expansion in Lorain: U.S. Steel approached ORDC in January, 2011 inquiring about grant assistance ORDC could provide to help offset $400,000 in rail costs needed to install new tracks into its new heat treat and finishing operations as well as two other buildings as part of US Steel's $93+ million investment into the LTO plant. By the time that US Steel had contacted ORDC, however, the $400,000 in rail work was already in process. In March, U.S. Steel contacted ORDC again with proposals for ORDC to help with track work in its yard that will be needed to support the new expansion but was not included in the U.S. Steel expansion budget. ORDC Staff subsequently met with U.S. Steel officials on site in Lorain to discuss and see the ancillary rail projects.

The U.S. Steel LTO expansion is a new heat treating and finishing operation to augment its seamless tube facilities. Product from the new operations will initially be 4.5" and 5.5" pipes for the natural gas and oil industries, particularly the natural gas drilling in the Marcellus shale fields of western Pennsylvania and eastern Ohio. The new heat treat and finishing facility will handle pipes produced at other parts of LTO as well as pipes railed in from Alabama and Texas. LTO can produce over 200 different small and large bore pipe products. U.S. Steel could have invested in any one of its pipe mills but its Lorain plant was the front runner due to its proximity to the Marcellus fields. The Ohio Department of Development was instrumental in the U.S. Steel decision to invest in Lorain. ODOD is providing $1.1 million in incentives including $559,000 in Job Creation Tax Credits, a $200,000 in Rapid Outreach grant, a $200,000 Economic Development Contingency grant, and a $180,000 Workforce Guarantee grant. The new U.S. Steel investment will employ about 100 outside contractors for 4 to 6 months in addition to creating 90 new high paying jobs in the mill as well as solidifying the viability of the LTO operations for its 523 current employees. The new heat treat and finishing operation is scheduled to be in operation the third quarter of this year.

Lorain Tubular Operations Rail Service: LTO is served by both CSX and Norfolk Southern though currently Norfolk Southern service is almost exclusively being utilized. LTO has two local railroads on site, both of which are owned by Transtar, a U.S. Steel subsidiary, and employ United Steel Workers Union employees. The Lake Terminal Railroad is a common carrier subject to Surface Transportation Board oversight and is the only railroad on site that can interchange with Norfolk Southern and CSX. The Lorain Northern is the in-plant switching railroad. Its services are augmented by LTO employees that handle some of the rail switching. There is about 53,000 ft. or rail track at the LTO mill, or about 10 miles or railroad. Maintenance of this extensive track system is complicated by the dozens of turnouts and diamond crossings needed to access the various yards and buildings.

The current LTO rail operations handle about 20,000 to 30,000 tons a month (about 220 to 330 rail cars) of inbound solid round billets of steel called "rounds" that are processed into seamless pipes. That equates to about 2,600 to 4,000 carloads of inbound stock annually that are railed among the various buildings to be cut, heated, pierced, expanded, tempered, quenched, re-tempered and otherwise processed. Currently, slightly less tonnage is shipped out by rail than is received.

The $400,000 in rail work that will directly serve the new heat treat and finish operations has been mostly completed. It consisted of replacing track into the heat treat and finish operation itself as well as tracks into cutting facilities that were moved to vacant buildings to make way for the new operations. While the U.S. Steel expansion budget included these vitally needed new tracks, it did not include funding for other parts of the rail infrastructure needed to handle the increasing rail business. LTO officials estimate that the new business generated by the expansion will add up to 10,000 tons a month of inbound rounds and pipes that will be tempered and quenched at the new facility. Most inbound materials will also be railed out once it is processed. In all, about 200 new carloads of freight a month, or 2,400 annual carloads, will be generated by the new operations.

PROJECT DESCRIPTION: The US Steel Yard currently uses tracks 6702 A and 6702 B for staging of cars into the mills with 6702 A providing 12 car lengths and 6702 B providing 9 car lengths of storage. The current configuration of 6702 B has an excessive curvature which precludes effective use of the track. U.S. Steel has worked with rail contractors to develop a plan to better utilize 6702 B by moving the turnout used to access 6702 B from 6702 A about 350 ft., building 350 ft. new track, and straightening about 320 ft. of the existing 6702 B track. The new configuration of 6702 B would require a new grade crossing of an in-plant road. Here is an estimate of the costs for the work:

Improve Tracks 6702 A & 6702 B

Remove 2 #8 turnouts & straight rail one #8 turnout	
Build and install 2 #6 turnouts from materials in #8 turnouts	
Excavation for new turnouts and 350 ft. of new track	
Build 350 ft. new track	
Build 32 ft. road crossing, timber and asphalt	
Align and surface 6702 A & 6702 B	
Sub Total	**$151,000**
Mobilization & Contingency	**$15,100**
Total	**$166,100**

The main track from the Lake Terminal interchange with Norfolk Southern and the tracks serving the various portions of the north side of the mill is Track 801. As such, Track 801 serves as a major artery for serving much of the north side of the LTO complex. Track 801 skirts an inbound service yard on the east end of the facility where outdoor gantry cranes sort product for use in the mill. Currently, Track 801 only connects to tracks out of the gantry crane area at the westernmost end of the yard, and only after the cars are shuttled around a very tight, nearly circular track. A new connection between Track 801 and Track 784 would allow the mill trains to provide a better, shorter, quicker connection between the gantry crane service and sorting area and Track 801. The new connection will be near the center of the yard and will negate the need to shuttle cars from the gantry crane area to the west end of the yard, around the circle shaped, tight curves The use of existing tracks and turn outs would minimize costs. A cost estimate for this work is presented below:

Install Connection from Track 801 to Track 784

Remove concrete 12' x 24' x 8"	
Remove and straight rail west end of crossover	

Re-align, surface, & gauge 320 ft. of track	
Install 50 cross ties	
Sub Total	**$35,200**
Mobilization & Contingency	**$3,520**
Total	**$38,720**
GRAND TOTAL, BOTH PROJECTS	**$204,820**

The improvements from these two projects will add storage/staging capacity and improve the efficiency of operations for the plant. Improved efficiency is important because carloads of inbound materials are generally handled 3 or 4 times to get them to different parts of the plant before all the processing is completed and there is a finished pipe product ready to be railed out. US Steel will own and maintain the ORDC funded projects. While the LTO rail operations do some maintenance of the tracks, for larger projects they use outside contractors. The ORDC funded projects will be competitively bid.

WHY ORDC FUNDING IS NEEDED: The rail operations at LTO have limited budgets for new projects. The ORDC funded project will allow U.S. Steel to make needed efficiency improvements this year before it experiences an increase in carloads rather than making incremental improvements over the next few years after the carloads increase.

PROJECT BENEFITS:

- Supports a $93+ million expansion.
- Helps create 90 new jobs and retain 523 existing jobs.
- Improves efficiency of in-plant rail operations before up to 2,400 new carloads of freight must be handled because of the expansion of business.

OTHER CONTRIBUTIONS: U.S. Steel will provide all needed funding in excess of the ORDC grant.

SPECIAL CONTINGENCIES: ORDC's grant agreement will require that 90 new jobs are created, 523 existing jobs are preserved, and that the new seamless operation generates 800 carloads of new business within three years of the completion of the $93+ million expansion.

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March 10, 2011

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **U.S. STEEL LORAIN TUBULAR OPERATIONS YARD IMPROVEMENTS PROJECT** and dated March 8, 2011 as described in that briefing.

Matthew R. Dietrich
Executive Director

James G. Bradley
Chairman

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	Grantee	Grant/ Loan Amount	Project Completion Date	Monitoring Period	Jobs Pledged	Carloads Pledged	Jobs 2010	Carloads 2010	ORDC Staff Comment / Recommendation
1	McDermott Industries, LLC P.O. Box 307 McDermott, OH 45652 Vera & Carl Pertuset (740-259-9909)	$25,000 (G)	5/11/2004	2004 - 2010	C-19 R-6	100	4 Contractors	23 Truckloads	No further monitoring recommended.
2	Wellsville Intermodal Industrial Park (Columbiana County Port Authority) 1250 St. George Street East Liverpool, OH 43920 Tracy Drake (330-386-9051)	$717,000 (G)	6/3/2005	2005 - 2011	C-140	975	22	27	Monitoring period is ongoing.
3	Whirlpool Corporation **(Clyde, OH facility)** 150 Hilltop Road St. Joseph , MI 49085 Dennis Lipscomb (269-923-5708)	$75,000 (G)	8/31/2009	2009-2012		280		895	Monitoring period is ongoing.
4	Altra Biofuels (was Coshocton Ethanol) 18137 County Road 271 Coshocton, OH 43812 Mark Kuzelka (310-348-7245)	$250,000 (G)	9/21/2007	2007-2010	C-41	2,500	3	0	Please see Resolution 11-06 for staff recommendation.
5	Southgate Company 1499 West Main Street P O Box 397 Newark, OH 43058 Frank Rosato (740-522-2151)	$30,000 (G)	12/20/2006	2006-2012	C-48 R-54	250	C-46 R-54	165	Monitoring period is ongoing.
6	Lancaster Port Authority 104 East Main Street Lancaster, OH 43130 R. Michael Pettit (740-687-6670 #10)	$90,000 (G) $145,163 (L)	12/8/2008	2008 - 2011	C-110	200	127	137	Monitoring period is ongoing.
7	Case Farms LLC, Ohio Division P O Box 185 Winesburg, OH 44690 Chuck McDaniel (330-359-7030)	$255,000 (G)	2/24/2009	2009-2012	C-200	350	593	1198	Monitoring period is ongoing.
8	Hydrodec North America LLC 2021 Steinway Blvd. SE Canton, OH 44707 Brian Klink (330-454-8202)	$75,000 (G)	1/12/2010	2010-2013	C-65	200	25	165	Monitoring period is ongoing.
9	City of Trotwood 3035 Olive Rd. Trotwood, OH 45426 Rhonda Finley (937-854-7214)	$200,000 (G)	3/11/2009	2009-2012	C-200	200	233	81	Monitoring period is ongoing.
10	Deltech Polymers 1250 South Union Street Troy, Oh 45373 Brent Reedstrom (937-620-9231)	327,457 (L) $24,000 (G)	9/2/2010	2010-2013	C-12	42	14	21	Monitoring period is ongoing.
11	Fulton Railroad Company, LTD 3033 Riverside Dr. Cincinnati, OH 45226 Jeff Stewart (513-533-7607) 2007-46	$200,000 (G)	4/28/2010	2010-2013	C-8	2,500	7	38	Monitoring period is ongoing.

	Grantee	Grant/ Loan Amount	Project Completion Date	Monitoring Period	Jobs Pledged	Carloads Pledged	Jobs 2010	Carloads 2010	ORDC Staff Comment / Recommendation
12	Ohio Basic Minerals, LLC 1700 Broadway, Suite 2020 Denver, CO 80290 Garrett M. Clemons (720-407-7036) 2009-39	$30,000 (G)	7/22/2010	2010-2013	C-30 R-8	100	15	0	Monitoring period is ongoing.
13	Mercer Landmark, Inc. 715 W. Logan St. Celina, OH 45822 Tom Belt (419-667-2901) 2009-40	$100,000 (G)	1/22/2010	2010-2013		540		1563	Monitoring period is ongoing.

BRIEFING: AMENDMENT TO RESOLUTION 05-06

March 3, 2011

INTRODUCTION: Coshocton Ethanol, LLC, requests an amendment to Resolution 05-06 to lower its carload commitment from 2,500 cars to 1,250 cars per year within three years of the re-start of its Coshocton operations.

BACKGROUND: In July, 2005, ORDC Commissioners approved a $250,000 grant to Coshocton Ethanol LLC to be used to help defray about $1.4 million in on site rail infrastructure costs to build over 8,000 ft. of on-site rail. The $1.4 million was part of a $72 million Coshocton Ethanol investment that was to generate 50 million gallons of ethanol a year, to create 41 new jobs, and to enhance the proceeds local farmers received for their corn. In addition, it was projected that the new plant could in a best case scenario generate up to 9,000 carloads of freight on the Ohio Central System. (Coshocton Ethanol is located on the Ohio Central Railroad but most carloadings would also traverse the ORDC owned Columbus & Ohio River Railroad Panhandle line.) Coshocton Ethanol committed that it would generate at least 2,500 carloads of freight (inbound corn, outbound Dried Distillers Grain, and outbound ethanol) within three years of the start-up of its operations. The July, 2005 "Project Briefing" is attached as Exhibit "A".

Coshocton Ethanol began operations in February, 2008 with 41 people employed. However, the high price of corn that year strained Coshocton Ethanol's profitability. The plant was shut down in October, 2008 to prevent operating losses so that the plant could return to production when the economic situation improved. Coshocton Ethanol has kept a skeleton crew at the plant since shut down to maintain the ability to reopen it. Since the shut-down, Coshocton Ethanol has accessed improved technology for extracting sugars from corn that will improve efficiencies at the plant. The new technology, along with lower corn prices, should combine to make the Coshocton Ethanol plant viable again.

COSHOCTON ETHANOL REQUEST TO AMEND PERFORMANCE REQUIREMENTS: Through a February 7, 2011 letter, Coshocton Ethanol explained that it needed to keep its transportation options viable to be able to ensure it would get the best plant efficiencies. It is especially interested in buying local corn and does not want to preclude the truck market because of its commitment to ORDC to use rail. Therefore, Coshocton Ethanol requested that the carload commitment in the ORDC – Coshocton Ethanol grant agreement be lowered to 1,250.

Executive Director Dietrich through a February 11, 2011 letter committed that ORDC Staff would seek ORDC Commissioners' approval to lower Coshocton Ethanol's carload commitment number from 2,500 a year to 1,250 carloads a year. Director Dietrich stipulated that: 1) the 1,250 carload a year level would be reached within three years of the restart of the plant; 2) that the 41 jobs would be created within 12 months of the restart of the plant; and 3) that the plant would be restarted by December 31, 2011. The Executive Director's letter is included herein as Exhibit "B".

AMENDMENT TO RESOLUTION 05-06: Exhibit "A" of Resolution 05-06 as approved by the Commission in July, 2005 had five conditions. ORDC Staff requests that the fourth condition be replaced in its entirety with the following, new condition. Resolution 11 - 06 reflects this change:

4. The Company shall guarantee that it will create 41 new jobs within 12 months of the restart of its operations in Coshocton and that said restart of operations will commence by December 31, 2011. The Company shall guarantee that it will generate 1,250 carloads a year within three years after the restart of operations.

Upon ORDC Commissioners' approval of the change above, ORDC Staff will amend its grant agreement with Coshocton Ethanol to reflect the amended Resolution 05-06.

05-06

PROJECT BRIEFING:
COSHOCTON ETHANOL LLC.

July 7, 2005

Project Costs	
* ORDC Grant (on site)	$250,000
* Company (on site)	$1,175,000
* Ohio Central (off site)	$500,000

Project Benefits

* 41 New Jobs
* Up to 9,000 New Rail Cars
* $72 Million Investment
* Opens Industrial Park to Rail
* Farmers Get Premium for Grain

INTRODUCTION

Coshocton Ethanol LLC., an affiliate of Baard Energy, requests a grant of $250,000 to help defray $1.425 million in on site rail costs for the building of over 8,000 feet of track and turnouts to serve a new 50 to 70 million gallon per year ethanol plant.

BACKGROUND

After an extensive period of planning and research, Baard Energy decided that it will build a 50 - 70 million gallon per year ethanol plant along the tracks of the Ohio Central Railroad in Coshocton. Baard had looked at other Ohio sites for a new ethanol plant including Ashtabula and Leipsic. Baard has extensive experience in energy generation having developed 1,200 MV of electrical generating facilities in the last 20 years. In addition to its energy generation expertise, Baard has developed an 88 million gallon ethanol plant in Nebraska.

PROJECT DESCRIPTION

Coshocton Ethanol LLC Plant: Coshocton Ethanol plans to break ground in late Summer or Fall on a $72 million plant. The 64 acre site of the plant is proximate to the American Electric Power Conesville Power Plant. There is the potential that Coshocton Ethanol will be able to buy steam from the Conesville plant reducing its costs. Coshocton Ethanol has not yet obtained its air permit, the last permit it needs before it starts construction, but is very far along in the process. The air permit is expected to be issued soon. While initial plans call for the production of a minimum of 50 million gallons per year of ethanol, Coshocton Ethanol will be permitted to produce up to 70 million gallons per year and likely annual production will be about 60 million gallons.

The Coshocton Ethanol plant will be built on land assembled by the Coshocton County Port Authority. The Port Authority will divest the land to Coshocton Ethanol. The ethanol plant will bring sewer, water, and electric utilities very near to several hundred acres of land along the Ohio Central track, much of which is controlled by the Port Authority already. Coshocton County officials expect that the new ethanol plant will generate an industrial park full of new businesses. Some agricultural related businesses in the new industrial park are expected to be spin offs from the ethanol plant.

One of the reasons the Coshocton site is attractive for an ethanol plant is because it has competitive rail service from the Ohio Central Railroad. The Ohio Central will act as a neutral broker for Coshocton Ethanol finding the best rail prices from connecting Class I carriers for inbound corn and outbound products. In addition, the Coshocton site offers competitive gas line service, an excellent water supply, ample waste water treatment, and extensive state and local incentives.

The ethanol produced at the plant will be sold to Ohio and out of state refineries for blending with gasoline. Coshocton Ethanol expects most of the ethanol to be shipped by rail. If all ethanol shipments did go by rail (28,500 gallons per rail car), over 2,100 rail cars a year would be generated.

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In addition to ethanol, Coshocton Ethanol will produce a Distilled Dried Grains (DDGs). DDGs is basically the leftover corn kernels which are used for animal feed, generally for cows. Coshocton Ethanol initial plans are to produce dry DDGs which are well suited for rail shipments. If all DDGs were shipped by rail it would generate about 2,500 rail cars. Coshocton Ethanol estimates it will ship about 50% of its DDGs by rail, or about 1,250 carloads, with the rest trucked to local feed mills.

Coshocton Ethanol will need almost 30 million bushels of inbound corn per year and estimates that up to 70% could be shipped in via rail, with about 30% trucked in from local sources. This could mean that up to 6,000 carloads of inbound corn would be railed in. Much of the inbound corn would be bought in on 75 car and 110 car unit trains.

The new ethanol plant will need 41 full time employees. Plant construction and maintenance will mean millions of dollars more spent in the area. It is anticipated that local farmers will benefit from the new ethanol plant by receiving up to 10 cents more per bushel of corn in the first few years of Coshocton Ethanol production. The plant is expected to by on line by the end of 2006.

Off Site Rail: The Ohio Central will need to upgrade its Wally's Yard facility at Coshocton to effectively serve Coshocton Ethanol. Wally's is a two mile long, two track yard/siding located along the ORDC owned Panhandle rail line. The Columbus & Ohio River Railroad (C&OR), an Ohio Central affiliate, serves the Panhandle line. New crossovers and other track upgrades will be needed to make the Wally's Yard efficient for service to Coshocton Ethanol and other Coshocton area customers on the Ohio Central and C&OR..

In addition to the work at Wally's, the Ohio Central will need to rebuild a 3,300 ft. "Coal Valley Siding" at the site of the new ethanol plant. This Coal Valley Siding will be used to stage cars for spotting on site.

Ohio Central estimates that the Wally's and Coal Valley upgrades will cost in excess of $500,000. Ohio Central will pay for this work.

On Site Rail: The map included as Exhibit "A" shows the layout of the Coshocton Ethanol plant as well as the over 8,000 feet of rail track that will be needed on site. Costs for the on site rail are summarized below:

On Site Rail Costs

8,071 ft. of Track/3 Turnouts	**$1,076,224**
6,000 cu. yards Sub-ballast	**$256,894**
Culverts	**$76,700**
Engineering	**$15,204**
Total	**$1,425,022**

In addition to the track construction costs, there will be a significant amount of fill, earthwork, and grading needed to prepare the track bed. Coshocton Ethanol estimates this earth work will cost about $1.5 million.

WHY ORDC FUNDING IS NEEDED

ORDC's grant funding is part of a package of incentives to Coshocton Ethanol needed to help make the economics of the plant work in Ohio.

PROJECT BENEFITS

* 41 new jobs paying an average of over $15 per hour.
* Up to 9,000 new rail cars of freight generated.
* Hundreds of acres of land opened up for a rail served, agricultural industrial park.
* Local farmers expected to earn up to 10 cents more per bushel of corn in the short term.
* $72 million initial investment, as well as continued maintenance of plant, will generate significant local economic benefits.

OTHER CONTRIBUTIONS

* Ohio Central will contribute over $500,000 in off site rail improvements and provide some rebates to help defray costs of on site rail.
* The Ohio Department of Development (ODOD) will provide a $350,000 412 Business Development grant, a $300,000 629 Roadwork Development grant, a $500,000 Community Development Block Grant, and a $45,000 Ohio Industrial Training Program grant.
* The Ohio Air Quality Development Authority will provide low interest, long term bond financing for a significant portion of the total project.
* The Appalachian Regional Commission will provide $950,000 in grants for public infrastructure.
* Local governments will make improvements to local roads and an electrical substation.
* A variety of state and local loan financing will be provided.

STAFF RECOMMENDATIONS

Staff recommends that Commissioners approve a grant to Coshocton Ethanol of $250,000 to be used to help offset the costs of on site rail. Staff recommends that Coshocton Ethanol be required to create 41 jobs and generate 2,500 rail cars of traffic within three years or be subject to ORDC's standard payback provisions. Further, Staff recommends that ORDC funding be contingent upon Coshocton Ethanol obtaining its air permit and all other necessary environmental clearances.

lj37/CoshoctonEthanolBriefing

EXHIBIT A

The modifications to the Request for Assistance are as follows:

1. Condition #4 of Resolution 05-06 is replaced with the following:

The Company shall guarantee that it will create 41 new jobs within 12 months of the restart of its operations in Coshocton and that said restart of operations will commence by December 31, 2011. The Company shall guarantee that it will generate 1,250carloads a year within three years after the restart of operations.

2. All other terms, covenants and conditions specified in Resolution 05-06 shall remain in full force and effect.

RESOLUTION 11-06

RE: Amendment to Resolution (05-06) – Coshocton Ethanol Rail Spur

A RESOLUTION MODIFYING THE TERMS OF ASSISTANCE TO COSHOCTON ETHANOL LLC UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the modification of the provision of assistance under the Act to Coshocton Ethanol, LLC, (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a modification to a prior request for assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the modification to the proposed assistance will conform to the requirements of the Act and the terms of the modification of the proposed assistance; and

WHEREAS, the ORDC has reviewed such proposed modifications and discussed them with the Executive Director and staff of the ORDC; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to Coshocton Ethanol, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the modification to the assistance provided under the Act to assist the Company is appropriate.

Section 2. That the ORDC approves the proposed modification of assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Section 3. That the ORDC hereby amends Resolution 05-06 as set forth in Exhibit A.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

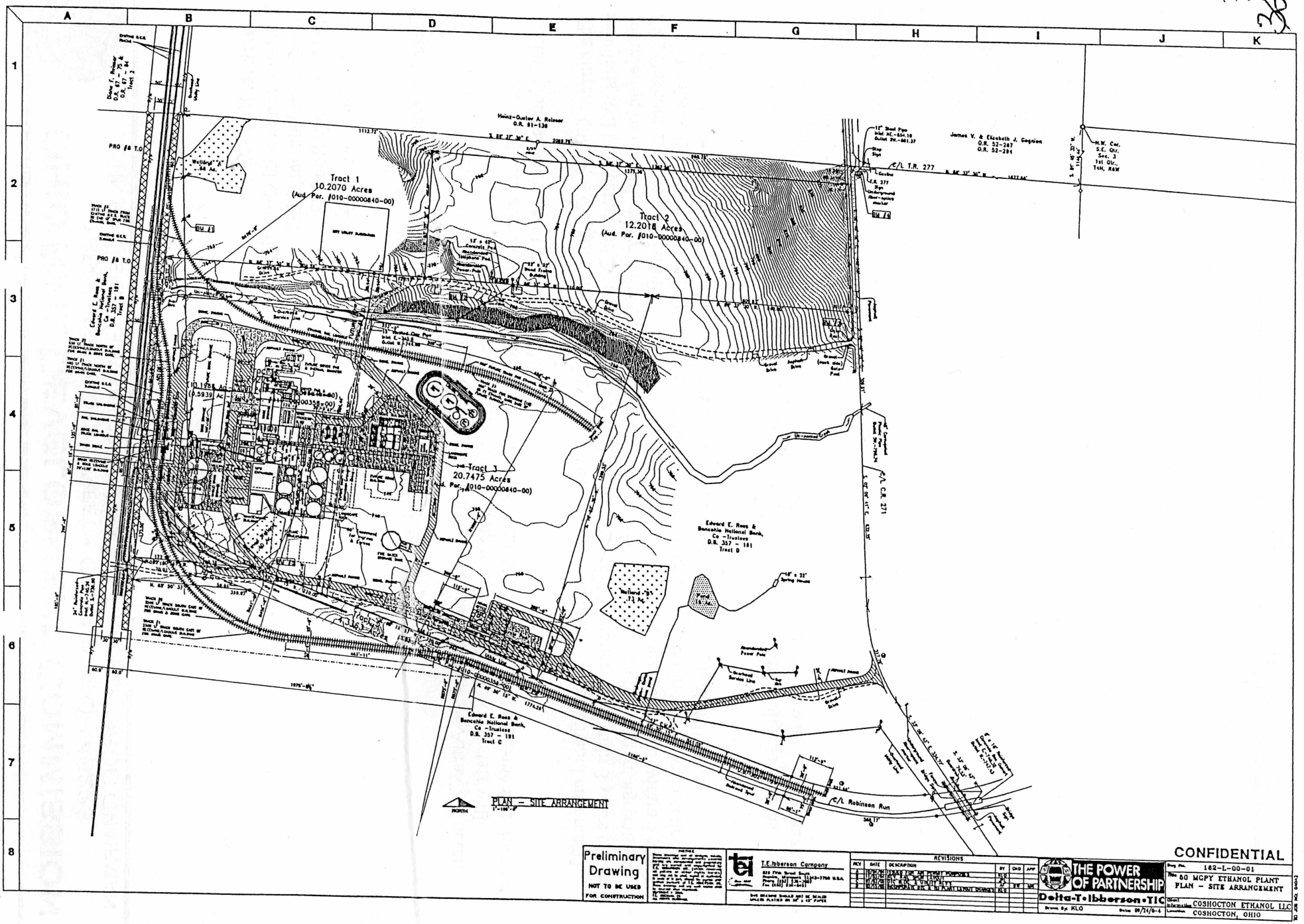
James G. Bradley, Chairman	____	yes	____	no	____	absent	____	abstained	____	recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____	recused
Robert Greenlese	____	yes	____	no	____	absent	____	abstained	____	recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____	recused
Nate Green for Mark Kvamme	____	yes	____	no	____	absent	____	abstained	____	recused
William Lozier	____	yes	____	no	____	absent	____	abstained	____	recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____	recused
Ronald C. Rasmus	____	yes	____	no	____	absent	____	abstained	____	recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____	recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____	recused
Greg Murphy for Jerry Wray	____	yes	____	no	____	absent	____	abstained	____	recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 3/10/2011

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 3/10/2011
James G. Bradley, Chairman Date



Preliminary Drawing
NOT TO BE USED FOR CONSTRUCTION

T.E.Ibberson Company

REVISIONS				
REV	DATE	DESCRIPTION	BY	CHD	APP
1	10/24/06	ISSUED FOR PRELIMINARY REVIEW	KLO		
2	11/21/06	ISSUED FOR PERMITTING	KLO		
3	12/13/06	ADDED ROAD & UTILITY ALIGN.	KLO		
4	01/11/07	INCORPORATED 3 RR PLANT LAYOUT CHANGES	KLO	BW	MR

THE POWER OF PARTNERSHIP
Delta-T•Ibberson•TIC

Drawn By: KLO Date: 09/21/06-4

CONFIDENTIAL

Dwg No. 162-L-00-01
Title 60 MGPY ETHANOL PLANT
PLAN - SITE ARRANGEMENT
Client COSHOCTON ETHANOL LLC
Location COSHOCTON, OHIO

OHIO RAIL DEVELOPMENT COMMISSION
1980 WEST BROAD STREET • COLUMBUS, OH 43223
JOHN R. KASICH, GOVERNOR • JAMES G. BRADLEY, ORDC CHAIRMAN

February 11, 2011

Mark A. Kuzelka
VP of Commercial Operations
Coshocton Ethanol, LLC
18137 County Road 271
Coshocton, Ohio 43812

Dear Mr. Kuzelka:

The Ohio Rail Development Commission (ORDC) was very pleased to hear that the Altra/Coshocton Ethanol plant soon will be reopened and updated. I am writing to confirm that ORDC staff will recommend and seek approval for amending the existing Coshocton Ethanol grant agreement at the next ORDC Commission meeting on March 10, 2011.

The current ORDC – Coshocton Ethanol grant agreement requires that Coshocton Ethanol ensures 41 new jobs will be created and 2,500 rail carloads of freight a year will be generated within 3 years of the completion of the rail project. Pending Commission approval, ORDC will amend its grant agreement with Coshocton Ethanol to require that 1,250 rail carloads of freight a year are generated within 3 years and 41 jobs will be created within 12 months of the restart of ethanol production which will occur no later than December 31, 2011. All other terms and conditions of the ORDC grant will remain unchanged.

ORDC plans to have an amended ORDC – Coshocton Ethanol document ready to sign as soon as possible after our March 10, 2011 Commission meeting. Please continue working with Lou Jannazo of my staff (614-644-0309) on this issue.

Congratulations on the renewal of the ethanol plant.

Sincerely,

Matthew Dietrich
Executive Director

C: Megan McClory, Lou Jannazo, Tom Burns, Suzanne Pettet